

Decision 00-12-033 December 7, 2000

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Investigation into the  
Functioning of the Wholesale Electric Market and  
Associated Impact on Retail Rates.

Investigation 00-08-002  
(Filed August 3, 2000)

**OPINION ON VOLUNTARY RATE STABILIZATION PROGRAM  
FOR LARGE COMMERCIAL, AGRICULTURAL, AND INDUSTRIAL  
CUSTOMERS OF SAN DIEGO GAS & ELECTRIC COMPANY**

**1. Summary**

Pursuant to legislative direction in § 332.1(f)<sup>1</sup>, the Commission establishes a voluntary program in which large commercial, agricultural, and industrial customers of San Diego Gas & Electric Company (SDG&E) may elect, on a voluntary basis, to have the energy component of their bills set at six and five-tenths cents (\$.065) per kilowatt-hour (kWh), subject to true-up.

**2. Background**

Based on a legislative finding that SDG&E's customers are subject to severe economic hardship because of unprecedented bill volatility and extraordinarily high rate levels, Assembly Bill (AB) 265 added § 332.1 to the Public Utilities Code to mitigate the hardship. Governor Gray Davis

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<sup>1</sup> Section references herein are to the Public Utilities Code.

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signed the legislation into law on September 6, 2000. As an urgency statute, AB 265 took immediate effect.

Among other things, AB 265 establishes a ceiling of \$.065 per kWh for the energy component of electric bills for SDG&E's residential, small commercial, and street lighting customers, retroactive to June 1, 2000 and continuing through December 31, 2002 at a minimum. (§ 332.1(b).) If certain conditions are met, the Commission may adjust this ceiling. (§ 332.1(d).) With respect to other classes of customers, AB 265 provides the following:

“The commission shall establish a program for large commercial, agricultural, and industrial customers who buy energy from the San Diego Gas and Electric Company, on a voluntary basis, at the election of the customer, to set the energy component of their bills at six and five-tenths cents (\$.065) per kilowatt hour with a true-up after a year.”  
(§ 332.1(f).)

The Commission issued Decision (D.) 00-09-040 on September 7, 2000 in order to implement AB 265. With respect to the voluntary rate stabilization program for large commercial, agricultural, and industrial customers, the Commission provided an opportunity for comments and reply comments before implementing the provision. SDG&E, California Farm Bureau Federation (CFBF), and Southern California Edison Company (Edison) filed comments on the voluntary program. Reply comments were filed by SDG&E, CFBF, and the Alliance for Retail Markets (ARM).

In its comments, SDG&E presented a comprehensive proposal for implementing § 332.1(f) consisting of 14 components. These include eligibility criteria, true-up provisions, and customer communications.

SDG&E also proposed that accounting for the costs of the program be administered through a memorandum account. CFBF proposed a “simple, straightforward” structure providing for a rate ceiling of \$.065 per kWh and a 12-month amortization of undercollected amounts. Edison offered “general principles” but did not propose a specific implementation plan. ARM supports SDG&E’s program design.

This decision reviews the comments and reply comments and establishes the voluntary program as directed by § 332.1(f). We do not find that there are factual issues requiring hearings. The comments and reply comments constitute an adequate record on which to make this decision.

### **3. Discussion**

#### **3.1 *SDG&E’s Proposed Program***

The voluntary program directed by § 332.1(f) is a form of bill stabilization plan for large commercial, agricultural, and industrial customers. Because the statute provides for a true-up after a year, participating customers are ultimately responsible for paying the procurement costs reasonably and prudently incurred by SDG&E, as those costs are reflected in the company’s retail tariffs. As CFBF notes, the program does not offer true rate relief. It does, however, offer eligible customers a tool to manage exceptionally high rates and to budget for the coming year.

SDG&E believes that a substantial number of its large commercial, agricultural, and industrial customers may be interested in the program, and that it could face significant financial risk exposure if there is large-scale participation. SDG&E asserts that if high wholesale energy prices continue, and if 100% of eligible customers enroll in the

program, it could be at risk for up to \$150 million in annual undercollections. SDG&E also states that it might need to provide financing for up to \$150 million or more during a 12-month period.

The assumption of 100% participation strikes us as unrealistic. As CFBF notes, SDG&E reports that only five agricultural customers and 40 customers with peak loads in excess of 100 kW participate in SDG&E's Level Pay Plan.<sup>2</sup> This level of participation in an alternative bill stabilization program suggests that participation in the voluntary § 332.1(f) program is highly unlikely to approach 100% of large commercial, agricultural, and industrial customers. We also think that CFBF is closer to the mark when it states that many agricultural customers may prefer to pay actual costs on an ongoing basis. Of course, any assumption that all participating customers will fail to pay any true-up settlement amounts is entirely unrealistic.

Still, to the extent that (1) SDG&E's reasonably and prudently incurred energy procurement costs continue to exceed \$.065 per kWh; (2) participation in the voluntary program is more than *de minimis*; and (3) a significant proportion of participating customers fail to fully pay their true-up settlement obligations, SDG&E faces a risk of under-recovery of its energy procurement costs. SDG&E will also incur financing costs due to the deferred collection of procurement costs. Accordingly, controls on the availability of the voluntary program and other protections are warranted

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<sup>2</sup> CFBF states that there are 6500 farms in the San Diego area with an average size of 49 acres. Much of the electricity usage by agricultural customers in the area is for nursery stock, with greenhouses consuming electricity for heating and cooling.

so that the program does not impose an undue burden on SDG&E due to under-recovery of procurement and financing costs. At the same time, the program should not be so burdened with conditions and restrictions that it denies any real benefits to large commercial, agricultural, and industrial customers.

SDG&E's proposed program includes a requirement for standardized contracts, eligibility criteria that require customers to establish creditworthiness and to furnish security, provision for a single true-up settlement payment with interest, and includes commitments to provide customer education and other communications regarding the status of future balances due. SDG&E also proposes that it be allowed to establish a memorandum account for regulatory accounting. On the whole, we believe that SDG&E has proposed a program that appropriately balances ratepayer and shareholder interests, and that it can be adopted as the means of implementing § 332.1(f). In the remainder of this decision, we evaluate certain components of SDG&E's proposed program and the corresponding comments of the other parties, including proposals for regulatory accounting. It is our intention to approve the program proposed by SDG&E except as modified in the following discussion. We direct SDG&E to file an advice letter to implement its proposed program and accounting mechanism, as modified herein.

### **3.2 *Rate Ceiling v. Fixed Rate***

Unlike the statutory rate stabilization program for residential, small commercial, and street lighting customers, which sets a ceiling rate of \$.065 per kWh, the energy rate under the voluntary program for participating large commercial, agricultural and industrial customers is

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statutorily fixed at \$.065 per kWh. In addition, while the statute gives the Commission discretion to adjust the ceiling for residential, small commercial, and street lighting customers if certain conditions are met, it makes no equivalent provision for adjusting the \$.065 per kWh fixed energy rate for large commercial, agricultural and industrial customers. CFBB initially recommended setting a price ceiling of \$.065 per kWh for the voluntary program but now recognizes that the statute makes no provision for a ceiling.

### **3.3 *Eligibility for the Program***

SDG&E proposes that the following categories of customers be declared ineligible to participate in the voluntary program: customers in Chapter 11 or other forms of bankruptcy or receivership; customers who do not meet creditworthiness requirements; customers who refuse to sign the contract; Direct Access customers with loads equal to or greater than 100 kW (who already can negotiate terms and rates with electric service providers); customers who are unwilling to establish a pay agreement for any past due balance prior to or at the signing of the program contract; customers who are covered under the mandatory AB 265 program (i.e., residential, small commercial, and street lighting customers); and customers who are under a Level Pay Plan.

Except for SDG&E's proposed creditworthiness and financial security requirements, discussed in the following section, commenting parties either support or do not oppose SDG&E's proposed eligibility criteria. We find SDG&E's proposed exclusions to be reasonable and consistent with § 332.1(f), and hereby approve them. SDG&E should not be required to offer this plan to customers who refuse or are unable to sign

a contract in which they agree to pay the full costs of their electricity usage through the true-up settlement process, customers who are in bankruptcy, customers who refuse to agree to a plan to pay off past due amounts, or customers who are statutorily ineligible to participate. We also see no reason to require combining the voluntary and Level Pay Plan, and note that doing so could be administratively burdensome.

### **3.4 Creditworthiness and Security**

SDG&E reserves the right to review creditworthiness and to exclude from the voluntary program those customers who are not able to establish credit to SDG&E's satisfaction. SDG&E also proposes that customers electing to participate in the voluntary program be required to secure their contractual obligations by providing an acceptable security such as a guarantee, surety bond, or irrevocable letter of credit equal to twice the average monthly bill in the previous 12 months.<sup>3</sup> SDG&E claims that providing such security is necessary as a sound business practice because a customer's outstanding debt over the course of a year could be substantial.

CFBF finds SDG&E's reservation of the right to review creditworthiness "disconcerting" because no details or guidelines are suggested. CFBF believes that SDG&E's proposed standards could result in arbitrary implementation, and could deny any customer the possibility

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<sup>3</sup> SDG&E commits to providing information to customers on how to obtain an appropriate surety bond or irrevocable letter of credit. SDG&E initially committed to also provide an estimate of the involved cost, but later clarified this commitment to mean that it would provide the criteria used by an agency when determining such cost.

of qualifying for the program. If SDG&E is allowed to reject participants for lack of creditworthiness, CFBF asks that screening guidelines be established. CFBF also objects to the requirement for a surety bond, letter of credit, or guarantee, at least with respect to agricultural customers with less than 100 kW in demand. CFBF contends that smaller customers are simply unable to provide a surety bond or letter of credit.

We believe that it is reasonable for SDG&E to review the creditworthiness of customers applying to participate in the voluntary program, because the program potentially creates significant future payment liability on the part of the customer. As both SDG&E and ARM point out, the program essentially provides a loan to participating customers (assuming wholesale prices remain high). Screening for the creditworthiness of program applicants and requiring reasonable security arrangements where credit is not otherwise satisfactory are appropriate means for SDG&E to mitigate the risk of underrecovery of costs. In the context of the voluntary program, we do not fully agree with CFBF's argument that SDG&E is adequately protected by its ability to terminate service for nonpayment of bills. This is because unlike normal monthly bills, the true-up settlement amount does not become due and payable until after a year.

We agree with CFBF that creditworthiness reviews and security requirements must be fair and reasonable, but we do not share CFBF's apparent pessimism that SDG&E will arbitrarily deny creditworthy applicants an opportunity to participate in the voluntary program. SDG&E already considers the creditworthiness of its customers pursuant to its Tariff Rule 6 (Establishment and Re-Establishment of Credit). We expect that SDG&E will administer credit reviews in the same manner in

connection with the voluntary bill stabilization program. In recognition of the concerns raised by CFBF, we specify a cash deposit alternative that SDG&E should include as part of its credit screening and security requirements.

SDG&E's Tariff Rule 6A provides four alternative ways in which credit is deemed established by an applicant for metered service: (1) if credit information satisfactory to the utility is provided; (2) if the applicant makes a cash deposit as provided in Rule 7; (3) if the applicant furnishes a guarantor or bond; or (4) if the applicant has previously been a customer of the utility and has paid all bills for service within the period as set forth in Rule 9 for a period of 12 consecutive months immediately prior to the date when the applicant for service previously ceased to take service from the utility, provided such service occurred within two years from date of the new application for service.

The Rule 6A(2) alternative of making a cash deposit as provided in Rule 7, which provides for a deposit equal to twice the maximum monthly bill as estimated by the utility, provides a model for a similar alternative to SDG&E's proposed requirement for a guarantee, surety bond, or irrevocable letter of credit equal to twice the customer's average monthly bill in the previous 12 months. By allowing customers the option of making a cash deposit equal to twice the customer's average monthly bill in the previous 12 months as an alternative means of establishing credit, we address the CFBF concern that smaller customers will not be able to secure guarantees, bonds, or letters of credit. CFBF contends that since each monthly bill will include costs not associated with estimated true-up costs, using twice the monthly average might reflect several months worth of true-ups. CFBF therefore recommends a cash

deposit equal to the one-month average. Due to continued volatility in wholesale prices, we will grant SDG&E the option of requiring twice the average monthly bill, or a lesser amount.

In its reply comments, SDG&E stated it would accept a cash deposit as an alternative to a bond or a letter of credit. We direct SDG&E to include the cash deposit alternative as part of the voluntary program. We concur with SDG&E's comments on the draft decision to the effect that the alternative in Rule 6A(4) is not appropriately extended to the voluntary program.

### **3.5 Enrollment Period**

Edison proposes a minimum enrollment period of one year for ease of program administration. Edison believes that it would be difficult to prorate future obligations of customers who elect to participate for just a few months of the year. SDG&E does not propose a minimum time period for enrollment in the voluntary program. ARM disagrees with a one-year requirement.

Since SDG&E would be responsible for administering the program, and it has not proposed a one-year minimum requirement for ease of administration or for any other reason, we see little basis for requiring such a minimum enrollment period. In fact, such a requirement might be contrary to the public interest if both SDG&E and a customer agreed to that customer's removal from the program before a year has passed. As ARM notes, restrictive time limits could act as a barrier to customers exploring and acting upon their competitive options.

### **3.6 Program Duration**

CFBF proposes that the voluntary program be offered through December 2002, as is the mandatory program for residential, small commercial, and street lighting customers. SDG&E did not propose any deadline for terminating the voluntary program but, in its comments on the draft decision, stated agreement with CFBF's position.

Under the terms of § 332.1(b), the mandatory program is terminated on December 31, 2002 unless the Commission finds that it is in the public interest to extend the program for an additional year. The voluntary program mandated by § 332.1(f) provides no equivalent sunset feature. SDG&E contends that notwithstanding the fact that the statute does not identify a termination date, the Legislature did not intend that the voluntary program become a permanent part of SDG&E's service offering. However, SDG&E fails to establish legislative intent for that proposition. If the Legislature intended for the voluntary program to terminate, it could have included § 332.1(f) language similar to that used in § 332.1(b). Unless it is demonstrated that the natural and customary import of a statute's language is repugnant to the general purview of the statute, effect must be given to the statute's plain meaning. Tiernan v. Trustees of California State University and Colleges (1982) 33 Cal. 3d 211, 218-219. CFBF's sunset proposal is denied.

Pursuant to § 332.1(b), we will need to complete a proceeding prior to December 31, 2002 to determine whether it is in the public interest to extend the mandatory program through December 31, 2003. That proceeding will provide an opportunity for the Commission to evaluate the voluntary program as well. In that proceeding, SDG&E should submit a report on the voluntary program that includes the number of

participants, participation rates, and memorandum account balances. SDG&E's report should include any recommendations the company has for modifying the voluntary program, including legislative changes.

### **3.7 True-Up Mechanism**

SDG&E proposes basing the true-up/settlement for energy procurement on the difference between the amount paid at \$.065 per kWh and the actual amount due based on the applicable tariff schedule, plus interest. Interest would be charged at the three-month commercial paper rate, which is identical to that charged on the Transition Cost Balancing Account.

SDG&E further proposes that the full amount of the settlement payment would be due and payable (1) when the customer receives a final bill; (2) on the following bill after a customer's removal from the voluntary program (whether by customer request or due to the customer's failure to continue to meet eligibility requirements); or (3) on the following bill after 12 consecutive months on the program (with or without payment arrangements). Consistent with its normal billing practice, SDG&E proposes that bills must be paid within 15 days of the date the amount is due and payable. SDG&E states that it may also grant payment arrangements for customers that are unable to pay the entire settlement amount within 15 days. Such arrangements would be on terms to be negotiated with the customer and subject to additional security, and would not exceed 60 days. In its reply comments, SDG&E proposed that participating customers be allowed to make payments toward their settlement balance during the course of the year.

CFBF proposes that the settlement payment due be amortized and collected over a 12-month period. CFBF contends that requiring a balloon payment would make the program prohibitive for some customers, particularly nursery growers in the San Diego territory. CFBF agrees to limit the availability of the 12-month amortization period to agricultural customers whose demand is less than 100 kW.

Most elements of SDG&E's proposed true-up/settlement mechanism are both uncontested and reasonable. In particular, we concur with the interpretation of the § 332.1(f) true-up provision that holds that participating customers ultimately must pay the applicable tariff rates for energy procurement. Allowing SDG&E to assess interest charges on accumulated balances gives the company an opportunity to recover financing costs created by the program, and is both fair and consistent with regulatory practices. (Of course, if energy procurement costs decline to less than \$.065 per kWh and overcollections occur, SDG&E would pay interest on any overcollected balance.) Allowing the flexibility of making partial payments will be beneficial for some customers, and will serve to reduce SDG&E's risk exposure.

Edison proposes that participating customers be provided a pro rata share of revenues associated with sales of SDG&E-owned or managed generation assets to offset any undercollection, noting that this would be consistent with treatment prescribed for the AB 265 mandatory stabilization plan applicable to smaller customers. SDG&E does not oppose this proposal. This proposal is reasonable and should be reflected in SDG&E's advice letter.

We approve the CFBF proposal for a 12-month amortization period for agricultural customers whose demand is less than 100 kW. We

are persuaded that failure to build such payback flexibility into the program would render the program unusable for some of these smaller customers. We are not persuaded that SDG&E's willingness to establish payment arrangements for up to 60 days adequately addresses the needs of smaller agricultural customers. SDG&E's ability to require creditworthiness and security mitigates any incremental risk that this extended payback creates for SDG&E. We also note that interest would continue to accrue on unpaid balances, so that SDG&E would not incur unrecovered financing costs.

In its comments on the draft decision, SDG&E states that the practical effect of an extended amortization period would be to subject small agricultural customers to essentially the same financial obligations as if they were on a deferred Level Pay Plan that incurred interest. SDG&E questions whether these customers would be better off under a 12-month amortization period. Recognizing that its original proposal for a 60-day period may not adequately address these customers' needs, SDG&E recommends a 6-month amortization period. We believe that as long as customers are given adequate information to make informed choices, and have the option of electing shorter amortization periods, small agricultural customers should have the option of a 12-month amortization period.

### **3.8 *Customer Notification and Education***

SDG&E will make available to participating customers a formula that can be used to estimate the true-up settlement amount at the end of the year. SDG&E will also include a new line item on the bills of participating customers showing the current settlement balance and the date and/or the month in which the settlement amount will be due. We

view these provisions as vital to customers for budgeting purposes, and agree that they should be required.

SDG&E commits to using various methods to publicize the voluntary program to ensure that customers are aware of it prior to the scheduled implementation date. SDG&E account executives will communicate details of the program to their assigned accounts, and the company will make information available through a posting on its website and through bill messages or bill inserts. We direct SDG&E to pursue these and any other reasonably available means (such as print or broadcast media) of informing all potential participants of the program's availability. We further direct SDG&E to include in its advice letter filing a showing of how it intends to do so. SDG&E shall provide a copy of the advice letter showing to the Commission's Public Advisor. SDG&E's customer notification and education program should provide customers with adequate information enabling them to make informed choices among the voluntary program, the Level Pay Plan, and any other available options. We also note that CFBF intends to work with the local county Farm Bureau to explain the program to ratepayers.

### **3.9 *Accounting Mechanism***

SDG&E requests that it be authorized to establish a memorandum account to track the costs of the voluntary program, the revenues received, and any undercollections resulting from, for example, customers not paying their entire true-up settlement amounts. The memorandum account balance would be allocated as directed by the Commission.

We will authorize a memorandum account as proposed. We place SDG&E on notice that while we allow it to record undercollections due to uncollectible bills, we do not intend to allow double recovery of such amounts. A final accounting for ratemaking purposes will include an appropriate adjustment that takes into account the extent to which SDG&E's rates already include an allowance for uncollectibles.

Edison proposes that any shortfall resulting from the voluntary program be recovered on a non-bypassable basis from all customers who opt for the program. SDG&E states that it is particularly supportive of this proposal. Because the voluntary program provides a benefit to participating customers, and that benefit does not extend to the general body of ratepayers, this proposal is fair and should be reflected in SDG&E's plan.

The entries to the memorandum account will be reviewed in SDG&E's 2001 annual transition cost proceeding (ATCP), and subsequent ATCP proceedings as necessary depending on how long the program lasts. At the same time we will review the share of revenues associated with sales of SDG&E-owned or managed generation assets to offset any undercollections from the voluntary program.

### ***3.10 Program Implementation Date***

SDG&E proposes to make contracts available on December 1, 2000 or upon Commission approval of the voluntary program if such approval occurs later. Contracts processed during the month of December would be placed on the voluntary program beginning with January 1, 2001 bills, provided that the appropriate security and contract has been received from the customer and approved by SDG&E. Customers could enroll after

December 31, 2000, in which case the effective date of enrollment would begin with the next billing period after the contract has been fully executed. CFBF asks that the program be in place so that eligible customers can receive notification of the program by the end of the year 2000.

SDG&E's proposed implementation plan addresses the CFBF request and will be approved. We are mindful of the need to implement the voluntary program as soon as practicable so that eligible customers can begin receiving the benefits intended by the Legislature in enacting AB 265 as an urgency statute. We address the procedural implications of this implementation schedule in the following section.

#### **4. Comments on Draft Decision**

Rule 77.7 of the Commission's Rules of Practice and Procedure provides for public review and comment for draft decisions and alternates that are subject to § 311(g). Rule 77.7(f) allows the Commission to reduce or waive the period for public review and comment for alternates under various circumstances.<sup>4</sup> Rule 77.7(f)(9) specifically provides for a reduction or waiver of the review and comment period where the public necessity so requires:

For a decision where the Commission determines, on the motion of a party or on its own motion, that public necessity requires reduction or waiver of the 30-day period for public review and comment. For purposes of this subsection, "public necessity" refers to circumstances in which the public interest

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<sup>4</sup> Public review and comment on alternate decisions may be reduced but not waived, except in an unforeseen emergency situation.

of the Commission adopting a decision before expiration of the 30-day review and comment period clearly outweighs the public interest in having the full 30-day period for review and comment. "Public necessity" includes, without limitation, circumstances where failure to adopt a decision before expiration of the 30-day review and comment period would place the Commission or a Commission regulatee in violation of applicable law, or where such failure would cause significant harm to public health or welfare. When acting pursuant to this subsection, the Commission will provide such reduced period for public review and comment as is consistent with the public necessity requiring reduction or waiver.

Pursuant to Rule 77.7(f)(9), we determine that public necessity requires a reduction of the period for public review and comment. Both SDG&E and CFBF have proposed that the voluntary program be in place by the end of the year, so that eligible customers may begin receiving the benefit of the program as soon as possible. By reducing the review and comment period, the Commission was able to consider establishing the voluntary program at its December 7, 2000 meeting. This would provide time for SDG&E to submit its implementing advice letter and to administer the initial enrollment process during the month of December, as proposed by both SDG&E and CFBF. Moreover, the voluntary program is being established pursuant to an urgency statute. In determining the need for urgency, the Legislature declared the following:

"This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are: In order to provide timely relief to ratepayers in the service territory of the San Diego Gas and Electric Company suffering from a rapid increase in retail energy rates due to spiraling

wholesale energy costs, thereby endangering the public peace, health, and safety, it is necessary that this act take immediate effect.”

In our view, these Legislative findings apply with equal force to the voluntary bill stabilization plan for large commercial, agricultural, and industrial customers. The public interest in adopting a decision on December 7, 2000 clearly outweighs the public interest in having the full 30-day review and comment period.

SDG&E and CFBF filed comments on the draft decision, as well as reply comments. We make explanatory and clarifying changes to the text of the draft decision, but we adopt without substantive modification the voluntary program proposed therein.

### **Findings of Fact**

1. AB 265 requires that the Commission establish a voluntary program in which the energy component of the rate for SDG&E’s large commercial, agricultural, and industrial customers electing to participate is frozen at \$.065 per kWh, subject to true-up after a year.

2. D.00-09-040 provided parties an opportunity to file comments and reply comments on the voluntary program directed by § 332.1 (f), and SDG&E and several other parties have submitted comments and reply comments.

3. With the modifications adopted in the foregoing discussion, the voluntary program proposed by SDG&E complies with the requirement of § 332.1 (f) to establish such a program.

### **Conclusions of Law**

1. SDG&E should be directed to implement a voluntary rate stabilization plan for its large commercial, agricultural, and industrial customers in conformance with § 332.1 (f) and the foregoing discussion.
2. Public necessity requires a reduction of the 30-day period for review of and comment on the draft decision so that the Commission can consider issuing a decision at its regularly scheduled meeting of December 7, 2000.
3. This order should be effective today so that these rate changes may be implemented expeditiously.

## **O R D E R**

### **IT IS ORDERED** that:

1. Within five days of the effective date of this decision, San Diego Gas & Electric Company (SDG&E) shall file an advice letter to implement the voluntary rate stabilization program for large commercial, agricultural, and industrial customers in compliance with Pub. Util. Code § 332.1 (f) and this decision. The advice letter shall be effective on filing subject to Energy Division determining that it is in compliance with this decision. In its advice letter filing, SDG&E shall include a showing of how it intends to inform all potential existing and new participants of the program's availability, and a copy of the standardized contract.
2. SDG&E shall establish a memorandum account to track the costs of the voluntary program established pursuant to Ordering Paragraph 1, the revenues received, and any undercollections. The entries to the memorandum account will be reviewed in SDG&E's 2001 annual transition cost proceeding (ATCP), and subsequent ATCP proceedings as

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necessary depending on how long the program lasts. Within five days of the effective date of this decision, SDG&E shall file an advice letter to implement the memorandum account. The advice letter shall be effective on filing subject to Energy Division determining that it is in compliance with this decision.

This order is effective today.

Dated December 7, 2000, at San Francisco, California.

LORETTA M. LYNCH  
President  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
RICHARD A. BILAS  
CARL W. WOOD  
Commissioners